

Institutional traps of human capital consumption: Public goods production problems

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Abstract

© 2014, Mediterranean Center of Social and Educational Research. All rights reserved. Taking into consideration the importance of human capital resource, many countries had initiated national research aimed at assessment of national human capital and its contribution to national wealth and economic growth. Top human capital index and global competitiveness index in a cross-section of regions were recorded in North America, Europe and Central Asia. Human capital consumption appears as one of its reproduction aspects. But effect generated in the process of human capital consumption differs in different countries. It is explained by diversity of institutional environment, the elements of which may form self-sustained ineffective stable relations, i.e institutional traps that hamper the effective consumption of human capital. In this article authors attempted to reflect on matter of institutional traps, stipulating restrictions in human capital consumption which derive from public goods production and granting of social guarantees. Origins of appearance and rooting mechanisms of two types of institutional traps have been studied in the context of a number of countries: surplus production of public goods and underproduction of public goods and social guarantees. Research outcomes make it possible to review the approaches to settlement of modern problems in development and consumption of human capital as a resource in developed and underdeveloped countries.

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Keywords

Ageing of population, Dependency, Employment, Human capital, Institutional trap, Paternalism, Public goods, Social guarantees